



GENERAL ASSEMBLY

COMMONWEALTH OF KENTUCKY

2014 REGULAR SESSION

HOUSE BILL NO. 2

AS ENACTED

TUESDAY, APRIL 15, 2014

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DATE April 25, 2014
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ALISON LUNDERGAN GRIMES
SECRETARY OF STATE
COMMONWEALTH OF KENTUCKY
BY R. Heller

AN ACT relating to postsecondary financial aid programs funded with coal severance tax receipts and declaring an emergency.

Be it enacted by the General Assembly of the Commonwealth of Kentucky:

→SECTION 1. A NEW SECTION OF KRS CHAPTER 164 IS CREATED TO READ AS FOLLOWS:

(1) The General Assembly recognizes that the bachelor degree attainment rate in the coal-producing counties of Kentucky is lower than the state average. It is the intent of the General Assembly to establish the Kentucky Coal County College Completion Program to assist residents of coal-producing counties who are attending postsecondary education institutions located in coal-producing counties by providing:

(a) Scholarships to:

1. Decrease the financial barriers to bachelor's degree completion; and

2. Encourage students to remain in the area; and

(b) Grants to community colleges located in coal-producing counties to enhance the extent and quality of student support services and program offerings necessary to increase student success and degree production in the area.

(2) For purposes of this section:

(a) "District" means the Kentucky Coal County District consisting of coal-producing counties as defined in KRS 42.4592(1)(c);

(b) "High school" means a Kentucky public high school or a private, parochial, or church school located in Kentucky that has been certified by the Kentucky Board of Education as voluntarily complying with curriculum, certification, and textbook standards established by the Kentucky Board of Education under KRS 156.160;

(c) "Kentucky Coal County College Completion scholarship" or "KCCCC

1 scholarship" means a scholarship described in subsection (1)(a) of this
 2 section;

3 (d) "Kentucky Coal County College Completion student services grant" or
 4 "KCCCC student services grant" means a grant described in subsection
 5 (1)(b) of this section; and

6 (e) "Tuition" means the in-state tuition and mandatory fees charged to all
 7 students as a condition of enrollment in an undergraduate program.

8 (3) A participating institution shall:

9 (a) Be physically located in the district;

10 (b) Offer bachelor's degree programs and be:

11 (c) 1. A regionally accredited, independent nonprofit Kentucky college or
 12 university licensed by the Council on Postsecondary Education whose
 13 main campus is based in the district, including a work-college as
 14 determined by the Kentucky Higher Education Assistance Authority;

15 2. A four (4) year public university extension campus; or

16 3. A regional postsecondary education center, including the University
 17 Center of the Mountains.

18 (4) A participating institution may establish extension campuses within the district to
 19 offer bachelor degree programs for purposes of this section.

20 (5) A nonparticipating institution shall:

21 (a) Have its main campus located in Kentucky but not in the district;

22 (b) Offer a bachelor's degree program not offered at any participating
 23 institution;

24 (c) Be accredited by the Southern Association of Colleges and Schools; and

25 (d) Be a public or independent, nonprofit college or university that is licensed
 26 by the Council on Postsecondary Education.

27 (6) The Kentucky Higher Education Assistance Authority shall administer the

1 Kentucky Coal County College Completion Program and shall promulgate
 2 administrative regulations in accordance with KRS Chapter 13A as may be
 3 needed for the administration of the program.

4 (7) The authority may award a KCCCC scholarship under this section, to the extent
 5 funds are available for that purpose, to any person who:

6 (a) Is considered a permanent resident of the district for at least one (1) year
 7 immediately preceding July 1 of the academic year in which the scholarship
 8 is made;

9 (b) Is a United States citizen;

10 (c) Is a Kentucky resident as determined by the institution in accordance with
 11 criteria established by the Council on Postsecondary Education for the
 12 purposes of admission and tuition assessment;

13 (d) Completes and submits the Free Application for Federal Student Aid for the
 14 academic year in which the grant is made;

15 (e) Has earned at least sixty (60) credits or the equivalent of completed
 16 coursework toward a bachelor's degree;

17 (f) Is enrolled at least half-time at a participating institution, or a
 18 nonparticipating institution in accordance with subsection (8) of this
 19 section, in upper division courses in a program of study that leads to a
 20 bachelor's degree;

21 (g) Is in good academic standing in accordance with the institution's policy;
 22 and

23 (h) Is not in default on any obligation to the authority under any program
 24 administered by the authority under KRS 164.740 to 164.785, except that
 25 ineligibility for this reason may be waived by the authority for cause.

26 (8) A student otherwise eligible for the KCCCC scholarship who is enrolled in a
 27 nonparticipating institution shall be eligible to receive the KCCCC scholarship if

he or she is enrolled in a bachelor's degree program in a field of study that is not offered at any participating institution. A program shall be clearly unlike any degree program offered by a participating institution to be eligible. The authority shall promulgate administrative regulations to establish procedures to designate the approved programs of study at nonparticipating institutions for which an eligible student can receive the KCCCC scholarship, which shall include a program review process that requires fifty percent (50%) or more of the courses offered in a program to be different from courses available in a program offered by a participating institution. The maximum annual total of KCCCC scholarships expended for this purpose, to the extent funds are available, shall not exceed five percent (5%) of the amount appropriated for KCCCC scholarships.

(9) (a) The KCCCC scholarship amount provided to a student may be applied to the student's cost of attendance and shall be forty percent (40%), up to the maximum amount defined in subsections (10) and (11) of this section, of the amount remaining after subtracting the student's federal and state grants and scholarships from the institution's published tuition and mandatory fees amount that is used for purposes of packaging federal student aid. Work study and student loan funds shall not be included in the calculation.

(b) For purposes of this subsection, the tuition amount for a work-college, as described in subsection (3)(c)1. of this section, shall be the average tuition and mandatory fees amount of the participating institutions that are described in subsection (3)(c)1. of this section and are not work-colleges.

(c) Students attending less than full-time shall receive a pro rata amount as determined by the authority.

(10) The maximum KCCCC scholarship award amount for the 2014-2015 academic year shall not exceed:

- 1 (a) Six thousand eight hundred dollars (\$6,800) per academic year for a
 2 student attending a participating institution that is a nonprofit, independent
 3 college or university;
- 4 (b) Two thousand three hundred dollars (\$2,300) per academic year for a
 5 student attending a participating institution that is a public university
 6 extension campus or a regional postsecondary education center; or
- 7 (c) Three thousand four hundred dollars (\$3,400) per academic year for a
 8 student attending a nonparticipating institution as prescribed in subsection
 9 (8) of this section.
- 10 (11) The authority shall calculate the average annual percentage increase in tuition
 11 for the six (6) comprehensive universities as defined in KRS 164.001. The
 12 maximum KCCCC scholarship amounts in subsection (10) of this section shall be
 13 increased for each subsequent academic year by the total average percentage
 14 increase since the 2014-2015 academic year.
- 15 (12) The authority shall award KCCCC scholarships chronologically based on when
 16 applicants submit the Free Application for Federal Student Aid until funds are
 17 exhausted, except prior recipients shall be awarded before any new KCCCC
 18 scholarship recipients. Applicants who received a KCCCC scholarship in the
 19 immediately preceding academic semester and apply by the deadline established
 20 by the authority shall be awarded first.
- 21 (13) A student may receive a KCCCC scholarship for a maximum of five (5) full-time
 22 fall or spring academic semesters, or their equivalent under a trimester or quarter
 23 system, or until the completion of a first bachelor's degree, whichever occurs
 24 first. The authority shall determine the equivalent usage of academic semester
 25 eligibility for students enrolled less than full-time.
- 26 (14) The authority may award KCCCC student services grants under this section, to
 27 the extent funds are available for that purpose, to a Kentucky Community and

- 1 Technical College System institution that is physically located in the district.
- 2 (15) The maximum annual KCCCC student services grant shall be one hundred fifty
3 thousand dollars (\$150,000) per institution.
- 4 (16) KCCCC student services grants shall be used for the following purposes:
- 5 (a) To expand outreach services in high schools, in coordination with outreach
6 services provided by the authority, to advise students of the advantages and
7 importance of seeking a bachelor's degree and the opportunities to attain a
8 bachelor's degree within the district;
- 9 (b) To expand advising resources to encourage completion of associate degree
10 programs and transfer into bachelor's degree programs;
- 11 (c) To expand career advising resources to better link baccalaureate academic
12 pursuits to career opportunities, especially within the district; and
- 13 (d) To provide multifaceted retention and student transfer initiatives to
14 encourage associate degree completion leading to bachelor's degree
15 programs.
- 16 (17) Beginning November 1, 2015, and each year thereafter, the authority shall make
17 an annual report to the Interim Joint Committee on Education on the status of
18 the Kentucky Coal County College Completion Program.
- 19 (18) Every four (4) years after implementation of the Kentucky Coal County College
20 Completion Program, the authority shall evaluate the program to ensure the
21 policy objectives are being realized and to suggest adjustments to maximize the
22 increase in bachelor's degree completion rates.
- 23 (19) Each participating institution, nonparticipating institution, and recipient of a
24 KCCCC student services grant shall make data available to the authority for the
25 report and evaluation described in subsections (17) and (18) of this section.
- 26 (20) If any participating institution, nonparticipating institution, or recipient of a
27 KCCCC student services grant does not demonstrate improved performance in

1 student performance metrics, including but not limited to graduation and
2 transfer rates, the authority may revoke the institution's eligibility for
3 participation in the KCCCC scholarship or KCCCC student services grant.

4 (21) (a) The coal county college completion scholarship fund is hereby created as a
5 trust fund in the State Treasury to be administered by the Kentucky Higher
6 Education Assistance Authority for the purpose of providing scholarships
7 described in subsection (1)(a) of this section.

8 (b) The trust fund shall consist of amounts appropriated annually from coal
9 severance tax receipts to the extent that the enacted biennial budget of the
10 Commonwealth includes such appropriations. The trust fund may also
11 receive gifts and grants from public and private sources and federal funds.
12 No general fund moneys shall be appropriated for this purpose.

13 (c) Any unallotted or unencumbered balances in the trust fund shall be
14 invested as provided in KRS 42.500(9). Income earned from the investments
15 shall be credited to the trust fund.

16 (d) Notwithstanding KRS 45.229, any fund balance at the close of the fiscal
17 year shall not lapse but shall be carried forward to the next fiscal year and
18 continuously appropriated only for the purposes specified in this section.

19 (22) (a) The coal county college completion student services grant fund is hereby
20 created as a trust fund in the State Treasury to be administered by the
21 Kentucky Higher Education Assistance Authority for the purpose of
22 providing grants described in subsection (1)(b) of this section.

23 (b) The trust fund shall consist of amounts appropriated annually from coal
24 severance tax receipts to the extent that the enacted biennial budget of the
25 Commonwealth includes such appropriations. The trust fund may also
26 receive gifts and grants from public and private sources and federal funds.
27 No general fund moneys shall be appropriated for this purpose.

1 (c) Any unallotted or unencumbered balances in the trust fund shall be
 2 invested as provided in KRS 42.500(9). Income earned from the investments
 3 shall be credited to the trust fund.

4 (d) Notwithstanding KRS 45.229, any fund balance at the close of the fiscal
 5 year shall not lapse but shall be carried forward to the next fiscal year and
 6 continuously appropriated only for the purposes specified in this section.

7 ➔Section 2. KRS 164.7890 is amended to read as follows:

8 (1) To ensure the public health purpose of access to pharmaceutical services in the coal-
 9 producing counties of the Commonwealth, which have been traditionally
 10 underserved for pharmaceutical services due to a shortage of pharmacists in the
 11 Commonwealth, the General Assembly hereby establishes a coal county scholarship
 12 program to provide eligible Kentucky students the opportunity to attend an
 13 accredited school of pharmacy or a provisionally accredited school of pharmacy in
 14 the Commonwealth, and to become certified pharmacists in the Commonwealth,
 15 provided that the scholarship recipient agrees to practice pharmacy in a coal-
 16 producing county for each year a scholarship is provided.

17 (2) "Coal-producing county" as used in this section has the same meaning as in KRS
 18 42.4592(1)(c).

19 (3) The authority may award scholarships, to the extent funds are available for that
 20 purpose, to any person who:

21 (a) Is a Kentucky resident;

22 (b) Is considered a permanent resident of a coal-producing county for at least
 23 one (1) year immediately preceding July 1 of the academic year in which the
 24 scholarship is made for students who first receive a scholarship under this
 25 section on or after July 1, 2014;

26 (c){(b)} Is a United States citizen as determined by the institution in accordance
 27 with criteria established by the Council on Postsecondary Education for the

1 purposes of admission and tuition assessment;

2 ~~(d)~~~~(e)~~ Is enrolled or accepted for enrollment in a Pharm.D. program at an
 3 accredited institution or a provisionally accredited institution in the
 4 Commonwealth on a full-time basis, or is a student who has a disability
 5 defined by Title II of the Americans with Disabilities Act, 42 U.S.C. secs.
 6 12131 et seq., certified by a licensed physician to be unable to attend the
 7 eligible program of study full-time because of the disability;

8 ~~(e)~~~~(d)~~ Agrees to render one (1) year of qualified service in a coal-producing
 9 county of the Commonwealth for each year the scholarship was awarded.
 10 "Qualified service" means a full-time practice in a coal-producing county of
 11 the Commonwealth of Kentucky as a licensed pharmacist for a majority of the
 12 calendar year, except that an individual having a disability defined by Title II
 13 of the Americans with Disabilities Act, 42 U.S.C. secs. 12131 et seq., whose
 14 disability, certified by another licensed physician, prevents him or her from
 15 practicing full-time, shall be deemed to perform qualified service by
 16 practicing the maximum time permitted by the attending physician, in the
 17 coal-producing county; and

18 ~~(f)~~~~(e)~~ Agrees to sign a promissory note as evidence of the scholarship awarded
 19 and the obligation to repay the scholarship amount or render pharmacy service
 20 as agreed in lieu of payment.

21 (4) (a) Notwithstanding KRS 164.753(3), the amount of the scholarship shall not
 22 exceed forty percent (40%) of the approximate average of first professional
 23 year in-state tuition for all pharmacy schools in the United States. The
 24 authority shall establish, by administrative regulation a procedure for
 25 awarding scholarships which shall give preference to students residing in coal-
 26 producing counties and which shall establish procedures to award scholarships
 27 should funding be insufficient to award scholarships to all eligible students.

- 1 The authority may also, by administrative regulation, establish scholarship
2 amounts based on demonstration of initial financial need by eligible students.
- 3 (b) The actual amount of the scholarship awarded to each eligible student by the
4 authority for each semester shall be based on the amount of funds available
5 and the criteria established under paragraph (a) of this subsection.
- 6 (5) (a) The authority shall require each student receiving a scholarship to execute a
7 promissory note as evidence of the obligation.
- 8 (b) The recipient shall render one (1) year of qualified service in a coal-producing
9 county for each year the scholarship was awarded. Upon completion of each
10 year of qualified service in a coal-producing county, the authority shall cancel
11 the appropriate number of promissory notes. Promissory notes shall be
12 canceled by qualified service in the order in which the promissory notes were
13 executed. Service credit shall not include residency service.
- 14 (c) If a recipient fails to complete an eligible program of study, or fails to render
15 service as a pharmacist as agreed in this subsection, the recipient shall be
16 liable for the total repayment of the sum of all outstanding promissory notes
17 and accrued interest.
- 18 (6) Any person who is in default on any obligation to the authority under any program
19 administered by the authority under KRS 164.740 to 164.785 shall not be awarded a
20 scholarship or have a promissory note canceled until all financial obligations to the
21 authority are satisfied, except that ineligibility for this reason may be waived by the
22 authority for cause.
- 23 (7) A repayment obligation imposed by this section shall not be voidable by reason of
24 the age of the recipient at the time of executing the promissory note.
- 25 (8) Failure to meet repayment obligations imposed by this section shall be cause for the
26 revocation of the scholarship recipient's license to practice pharmacy, subject to the
27 procedures set forth in KRS Chapter 311.

1 (9) Notwithstanding KRS 164.753(3), the authority shall establish by administrative
2 regulation procedures for the administration of this program, including but not
3 limited to the execution of appropriate contracts and promissory notes, cancellation
4 of obligations, the rate of repayment, and deferment of repayment of outstanding
5 debt.

6 (10) Notwithstanding any other statute to the contrary, the maximum interest rate
7 applicable to repayment of a promissory note under this section shall be twelve
8 percent (12%) per annum, except that if a judgment is rendered to recover payment,
9 the judgment shall bear interest at the rate of five percent (5%) greater than the rate
10 actually charged on the promissory note.

11 (11) (a) The coal county pharmacy scholarship fund is hereby created as a revolving
12 fund in the State Treasury to be administered by the Kentucky Higher
13 Education Assistance Authority for the purpose of providing scholarships to
14 qualifying students studying pharmacy in schools in the Commonwealth.

15 (b) The fund shall consist of amounts transferred from coal severance tax receipts
16 as provided in paragraph (c) of this subsection and any other proceeds from
17 grants, contributions, appropriations, or other moneys made available for the
18 fund.

19 (c) 1. Receipts from the coal severance tax levied under KRS 143.020 shall be
20 transferred to the fund on an annual basis in an amount not to exceed the
21 lesser of:

22 a. Four percent (4%) of the total annual coal severance tax revenues
23 collected under KRS 143.020; or

24 b. The amount necessary to provide full funding for all students who
25 qualify for a scholarship under this section, considering all other
26 resources available.

27 2. Transfers required by subparagraph 1. of this paragraph shall be made as

1 follows:

2 a. On or before August 1 of each year, sixty-five percent (65%) of the
3 amount of funding provided for in this paragraph shall be
4 transferred to the fund; and

5 b. The remaining thirty-five percent (35%) shall be transferred on or
6 before December 1 of each year.

7 3. The amount transferred shall be based upon the prevailing revenue
8 estimate for coal severance tax receipts at the time each transfer is made.

9 (d) Any unallotted or unencumbered balances in the trust fund shall be invested as
10 provided in KRS 42.500(9).

11 (e) Income earned from the investments shall be credited to the trust fund.

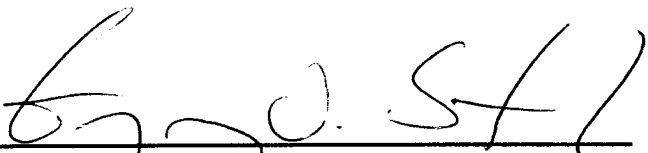
12 (f) Notwithstanding KRS 45.229, any fund balance at the close of the fiscal year
13 shall not lapse but shall be transferred to the Osteopathic Medicine
14 Scholarship Program described in KRS 164.7891 within ninety (90) days of
15 the end of the fiscal year~~[carried forward to the next fiscal year]~~.

16 (g) All amounts included in the fund shall be continuously appropriated only for
17 the purposes specified in this section.

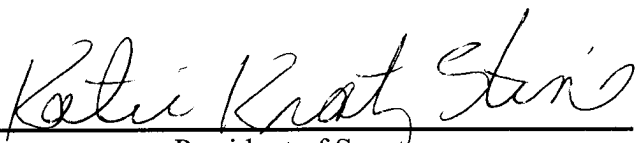
18 (h) A general statement that all continuing appropriations are repealed,
19 discontinued, or suspended shall not operate to repeal, discontinue, or suspend
20 this fund or to repeal this action.

21 (i) All moneys repaid to the authority under this section shall be added to the
22 fund.

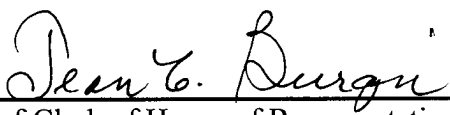
23 ➔Section 3. Whereas the scholarship program described in Section 2 of this Act
24 is administered on a fiscal year from July 1 through June 30 and the amendments to the
25 program contained in Section 2 will impact the administration of the program, an
26 emergency is declared to exist, and Section 2 of this Act takes effect upon its passage and
27 approval by the Governor or upon its otherwise becoming a law.



Speaker-House of Representatives



President of Senate

Attest: 

Chief Clerk of House of Representatives

Approved 

Governor

Date 4/25/14